



The President's Daily Brief

~~Top Secret~~ 3 January 1968



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DAILY BRIEF
3 JANUARY 1968

1. Cambodia

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2. South Vietnam

The Communists are intensively preparing for a new round of attacks near Dak To, not far from the Cambodian border area

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3. Australia

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4. Communist China

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The upsurge of violence around the country in recent weeks is largely traceable to Mao's latest fulminations.

5. Soviet Union

Brezhnev has postponed the visit he was to make to Nasir next week. A heavy workload of domestic business seems the most likely explanation.

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6. Middle East

Gunnar Jarring, now on his second round of Middle East capitals, is still searching vainly for some kind of "opening" toward a settlement. Last week he found the Israelis unbudged. They continue to balk at any "piecemeal" steps toward settlement. A Middle East solution, they insist, must be the result of an over-all, formal agreement; this can come only from meetings among the interested parties.

The Israelis have decided, however, on two moves which they hope will improve the atmosphere for Jarring's talks. They will agree to the removal of the trapped ships from the canal, and they have released a new batch of Arab prisoners.

7. Syria

The wildmen running the regime have isolated themselves not only from the rest of the Arab world, but also from most of their own people. Even the Russians have had little success in their attempts to calm down the Syrian leaders.

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8. Common Market

The British are billing Foreign Secretary Brown's consultations with Italian Foreign Minister Fanfani in Rome last Friday as the beginning of a "new cycle" in London's bid for Common Market membership.

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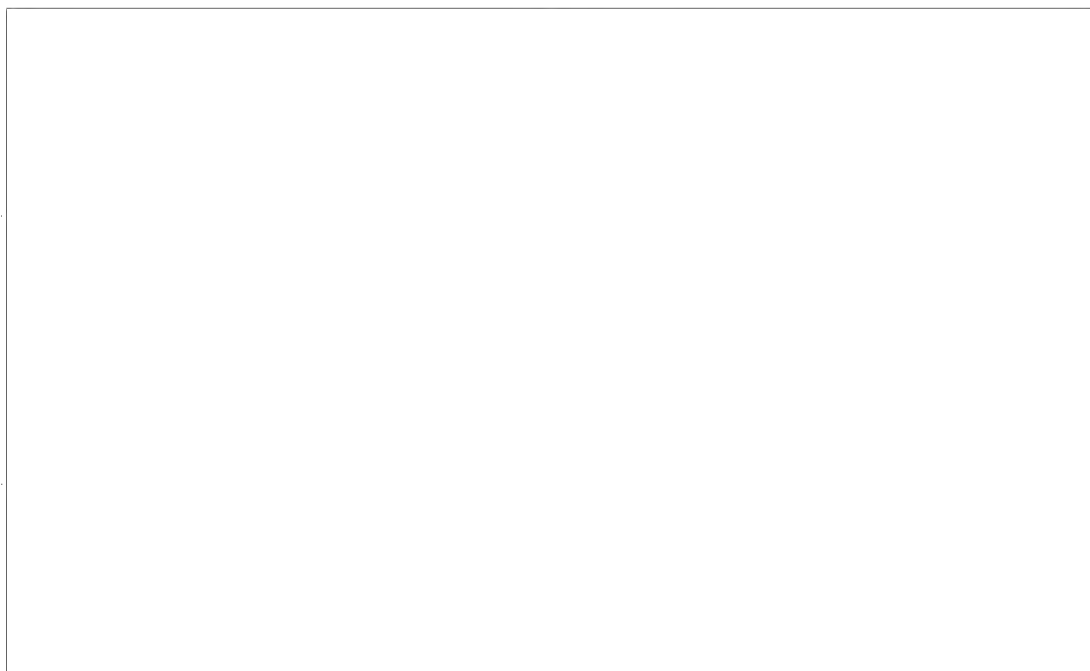
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FOR THE PRESIDENT'S EYES ONLY

Special Daily Report on North Vietnam



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Special Daily Report on South Vietnam
for the President's Eyes Only

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I. NOTES ON THE SITUATION

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The Trinh Statement:

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like Hanoi's English language version, contained the phrase that North Vietnam "will hold talks" with the US if the bombing is stopped.

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the North Vietnamese ambassador in the Chinese capital left hurriedly--presumably for Hanoi--on 2 January. There was no indication that the ambassador's departure was related to the Trinh statement, but this seems to be a reasonable assumption. Peking has not taken note of the foreign minister's remarks and it is doubtful that the Chinese, who have never commented publicly on the earlier Trinh remarks about talks, will report this latest statement.

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Hanoi Economic Claims: North Vietnamese propaganda continues to insist that the bombings have not stopped expansion of local light industries which support agriculture and produce consumer goods. The alleged gains, however, probably have not matched either the regime's plans or its needs.

A Hanoi broadcast on 30 December says that 500 light industry plants have been built in dispersed locations in rural areas during the past two years. Virtually all of these plants are small-scale, workshop-type operations and most produce such things as farm tools, processed foods, glassware, matches, and cigarettes. The output of these industries is said to have increased "substantially and in some cases up to 30 percent" compared with 1964, the last prebombing year.

There is no doubt that dispersed light industries have enjoyed high priority during the bombing years. The broadcast claimed, for instance, that investment in them doubled in 1966 and increased by 37 percent in 1967. It did not claim, however, that these industries have met the country's needs, but said only that they "made an important contribution" toward this end. Reports from North Vietnam, including those from the Spaniards who left only recently, consistently describe shortages of consumer goods. Shortfalls in production are to some extent being met by imports from other Communist countries.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL
ATTITUDES ON THE WAR

There is nothing of significance to report.

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